



Westfield Gas & Electric Municipal Light Board Regular Meeting Minutes August 12, 2020

Location: Gas & Electric Operations Center, 40 Turnpike Industrial Rd. Conference Room, Westfield, MA

The meeting was called to order at 7:00 p.m.

I. Call to Order

Chairman Sacco stated that this meeting of the Municipal Light Board is being electronically recorded in both video and audio by the Municipal Light Board. As stated in the WG+E MLB Video Policy the recording will be available on the WG+E website within one week. Is anyone, other than the Municipal Light Board, recording the meeting and if so state whether it is an audio or video recording and whether the recording is being live streamed. Peter Currier of the Westfield News, who was in attendance remotely, indicated he was recording in audio only and not live streaming.

II. ROLL CALL was taken as follows:

Present:

- Ward #1 Commissioner, Kevin M. Kelleher
- Ward #2 Commissioner, Ray Rivera
- Ward #3 Commissioner, Dawn Renaudette (Participated Remotely)
- Ward #4 Commissioner, Francis L. Liptak
- Ward #5 Commissioner, Thomas P. Flaherty
- Ward #6 Commissioner, Robert C. Sacco
- Appointed Commissioner, A. Edward Roman

Absent:

Present: 7 Absent: 0

III. PLEDGE OF ALLEGIANCE

IV. READING OF THE RECORD:

On motion by Commissioner Flaherty, seconded by Commissioner Liptak, it was unanimously:

VOTED: To accept the minutes of the July 1, 2020 Regular Session Meeting of the Municipal Light Board as presented; and

To accept the minutes of the July 1, 2020 Executive Session Meeting of the Municipal Light Board as presented, but not release to the public at this time.

To accept the minutes of the July 29, 2020 Regular Session Joint Meeting of the Finance Subcommittee and Municipal Light Board.

V. PUBLIC PARTICIPATION: None

VI. COMMUNICATIONS RECEIVED BY GAS AND ELECTRIC:

- a) Acknowledgement – 2020 WHS Senior Class – A thank you note was received from the 2020 Senior Class of Westfield High School thanking WG+E for its donation to the 2020 Senior Class.

VII. REPORTS FROM THE GAS & ELECTRIC:

A. Action Required Items

- a) 2019 Annual Consolidated Financial Audit Results - Manager Contrino introduced Howard Cheney from Meyers Brothers Kalicka, WG+E's outside independent auditor and noted that a joint meeting of the Finance Subcommittee and MLB was held on July 29th to discuss the draft audit. Mr. Cheney began the meeting by stating that MBK was providing a clean, unmodified opinion regarding the audit and that there were no significant deficiencies or material weaknesses. Mr. Cheney then went over, in detail, the audit results for 2019. He explained that the actuarial review received from PERAC and the City's actuary, which the Department was waiting on for the past few months, showed the impact of the revised OPEB and pension liabilities. Commissioner Kelleher asked if the \$692,000 ILOT payment included the extra \$100,000 paid to the City in 2019. Mr. Cheney indicated that it did. Commissioner Flaherty asked if current employees are included in the pension numbers. Mr. Cheney indicated that the pension liability is an actuarial calculation based on current employees as well as those that have already retired. He further indicated that the actuarial figure is based on assumptions of future years, which considers many variables such as the number of employees, age of employees and financial returns. He further stated the actual number could change the figures in the financial statement each year. WG+E's retirement obligation is paid on a pay as you go basis, for which it is billed annually by the

City's Retirement Board. Mr. Cheney explained that the accounting guidelines under GASB No. 75 have affected the OPEB value for this audit period as well. He made it clear that these are non-cash entries and, although shown in the audited financials, do not alter or affect how WG+E conducted itself operationally. The figures provided by the actuary are not known before year end and until these figures are known, the Department can only provide an estimate. Finance Chair Roman stated that the financials, and the audit of the financials, show that the Department is strong and running well as there were no significant deficiencies or material weaknesses. Mr. Cheney indicated once again that from a fiduciary standpoint this is a clean opinion with no material weaknesses or internal control issues and limited adjustments, which is a strong indication that management runs the organization well. Chairman Sacco indicated in that there had been a preliminary meeting to discuss the draft audit report with the audit team by the joint meeting in which the MLB and Finance Subcommittee had in depth review of the financial statement and questions from the Commission had already been answered. He and the General Manager commended the Finance team of Jay Kline, Tim Fouche and Jamie Naughton for doing a phenomenal job.

- b) **DPU Reports** - The Manager reported that now that the Financial Audit was completed, the DPU Annual Report was able to be finalized. The 2019 Annual DPU Report was circulated to the MLB for signature.
- c) **2020 Bi-Annual Capital Electric Projects Report**. Operations Manager Mike Lee reported on the capital electric projects indicating the Forecast Total Cost is an estimate developed for the Strategic Planning process and is not an accurate reflection of the detailed costs. The pandemic has delayed the start of some projects; however we expect to complete most projects by year's end.
- d) **2020 Bi-Annual Capital Gas Projects Report**. As with the electric projects, the Operations Manager reported on the capital gas projects. Mr. Lee indicated that similar to the electric side, gas construction activities have been lagging due to the effects of COVID-19. However, activity has increased since starting with main installations and crews are now moving on to service drops. In addition, now that the City has provided its road pavement plans to WG&E, some projects that may not have been on the list are going to be done in advance of paving by the City.
- e) **Substation Transformer Emergency Repair**. The Operations Manager noted that, as reported in a prior email at the time of incident to the MLB, at approximately 1:00 a.m. on Friday, July 3, 2020, the Dispatcher on shift discovered the voltage on the 22G-3X transformer at Elm Substation began fluctuating on one of the three phases. Further investigation of the SCADA voltage trace showed that while the voltage stayed within the alarm tolerance limits, it was fluctuating more rapidly and widely than during normal operation. Subsequent to on-site analysis, WG+E contacted SPX Transformer Solutions for testing and repair, who arrived on-site Monday, July 6th, to begin their work. Results of their tests and an oil sample analysis pointed to a potential issue with the load tap changer, and upon inspection, our contractor discovered that the contact points of the tap changer

were damaged. Replacement parts were located, ordered and expedited to the substation. On July 16th, the parts and LTC oil were replaced and the transformer was retested. All tests proved successful and the transformer was re-energized on Friday, July 17th. The cost of a new transformer is in the vicinity of \$2M with an approximate one-year lead time for delivery, WG+E must reconsider how to provide for a spare transformer. The best solution may be to replace the current 22G-3X and keep it on-site as an emergency spare. Commissioner Liptak inquired as to whether the Department should buy a backup transformer. Mr. Lee indicated that there has been discussion about purchasing a fifth transformer and replacing one of the older transformers with a new unit and keeping the replaced transformer on-site as a spare. This scenario is preferable to putting a fully operational fifth transformer on-line, which would enhance our capacity, but be very costly to install and operate, and would serve minimal load most of the time. Commissioner Kelleher asked how long it would take to energize the spare transformer in case of emergency. Mr. Lee indicated that if the transformer was needed in the same substation it was being stored, it could be brought on-line as quickly as a couple of weeks. Chairman Sacco asked if only three transformers are needed to serve the City, why would we need five? The Manager indicated that there are distribution system limitations which make serving all the City's load from two or three transformers impractical, not to mention the need for available backup units in the event of a failure. Mr. Lee indicated that in 2006 the Department added the system's fourth transformer, which was the second installed at Buck Pond substation. Commissioner Kelleher asked if this situation happened to the oldest transformer. The Manager indicated the other transformer at Elm Substation is older. The Elm transformers are early 70s vintage and the older Buck Pond transformer was installed in the mid-70s.

- f) **Monthly Financial Reports** - Finance and Energy Supply Manager Jay Kline noted that the report reflects actual amounts. Through the month of June 2020, the Gas Division gain exceeds the original budgetary estimate by \$1.7M, while the Electric Division gain is currently \$863k more than the original forecast. Mr. Kline indicated he expects both the gas and electric divisions to trend down to their budgetary targets by year end. U.S. natural gas in storage totaled 3.215 Tcf for the week ending July 17, which reflects an injection of 37 Bcf to storage. This compares to an injection of 45 Bcf in the prior week and a build of 115 Bcf for the same period last year. This report left inventory balances 656 Bcf above the balance for the same time period last year, and 436 Bcf above the five-year average. Following the storage release gas prices moved modestly higher to the \$1.75/MMBtu level. Total electric generation in the continental United States has fallen 5% year to date, attributable at least in part to COVID-19. Natural gas fired generation, however, has increased 9%, as coal fired generation has become uneconomic. Commissioner Kelleher asked if the telecom financials are on target. Mr. Kline indicated that although the net income tends to follow a sawtooth pattern throughout the year, he expects to be on target at year end. He noted the swings in monthly net income are due to the time lag that occurs between the time expenditures are made for the Hilltown build-outs and the reimbursement received from the town a month later after the Hilltown has been billed. Commissioner Roman indicated that the financial statement for July

usually shows less revenue on the gas side. WG+E is in "very good shape financially". Mr. Kline indicated that funds were allocated to administrative and general expense due to the number of employees that worked remotely starting in March and the IT work needed to have the employees up and running efficiently.

B. Informational Items:

- a) **Utility Issues** was presented and accepted by the MLB
- b) **Utility News** was presented.
- c) **Utility Courses Update** was presented

VIII. OLD BUSINESS:

- a) **COVID-19 Update.** The Manager reported that this report is updated every month to keep the MLB informed regarding WG+E's COVID related activities. As of the end of June, all field personnel report to work daily, and different show-up locations continue to be utilized in an effort to minimize the potential of spreading the virus amongst crewmembers. Administrative personnel, most of whom until the end of June were working remotely, are now back working within our facilities. In accordance with state requirements, informational signage has been posted throughout our facilities regarding social distancing, hygiene, acceptable staffing levels and cleaning protocols. Common space work areas which previously housed several employees, have been reconfigured to limit occupancy and help maintain appropriate social distancing. The Elm Street lobby essentially remains closed to the public, the only exception being scheduled appointments for those customers that require a meeting. The payment drop box remains in service. Terminations due to non-payment remain on hold and our Customer Service group continues to coach affected customers toward budget and payment plans. Commissioner Flaherty asked what the plans were for moving forward with the schools holding remote classes in the City of Westfield. What are the plans for employees that have school age children and would prefer to return to working remotely. The Manager indicated that procedures have been put in place for those employees seeking a special accommodation for such issues as individual health concerns and childcare needs. Requests for special accommodations will be reviewed on a case by case basis
- b) **Customer Arrears and Discounts.** The Manager reported that WG+E management continues to closely monitor the financial impacts of the ongoing COVID-19 pandemic and is taking the appropriate steps to help customers remain in good standing in regard to their payments. Mr. Kline stated it is readily apparent that individuals and small businesses have been disproportionately impacted by the circumstances surrounding COVID-19. WG&E management is working to assist individuals and business customers financially impacted by the ongoing crisis through budget plans and payment deferrals. The Accounts Receivables tables within the report reflect outstanding balances as of June 30 and a March 1 comparison for the years 2018 – 2020. The total

balance due in each category is impacted by the timing of billing cycles as well as daily customer payment activity. The highlighted areas reflect those commercial and residential customers over 90 days in arrears. Residential customer accounts that do not have protected status have increased to 1686 on June 30 from 1013 on March 1st, with corresponding balances rising to \$641k from \$252k in March. He noted that all active accounts that are 90 days in arrears will have balances in each of the prior aging categories. Mr. Kline indicated that clearly, the longer a customer goes without paying, the higher the 90-day past due figure becomes. Everyone over 90 days past due, even if 180 or 360 days are still grouped in the 90 day overdue category. Mr. Kline indicated we have 60 to 70 new budget plans in place and that figure continues to grow. Commissioner Rivera asked how people are contacted about their arrears and are they given direction on how to address them. Mr. Kline and Chairman Sacco both noted the need to be careful contacting and communicating with customers during this time, due to various restrictions on collection activities during the COVID-19 crisis. Chairman Sacco indicated the Department may want to look at lowering customer rates, which will provide relief to all customers. The Manager indicated the most effective way to provide relief is to focus the relief on those specific customers that are in need rather than reduce rates and provide all customers a fairly minimal amount of relief, which would be very costly and not solve the overall problem. Chairman Sacco noted there would not have to be permanent rate reduction and there are a large number of options, but dropping rates would give relief to customers. Commissioner Roman noted that he personally didn't need a refund and Commissioner Flaherty agreed we should look at other ways to address individual customer's needs, being that our rates are very low in comparison to other utilities in the state. Chairman Sacco then agreed that a general rate reduction isn't needed in that relief isn't needed by everyone, but the Department must still determine how to efficiently provide relief to customers during the pandemic. Commissioner Roman indicated that those over 90 days are the ones that need help. Being that no system is perfect and some people may play the system, a small minority should not preclude WG+E from trying to help those people that need help. Chairman Sacco indicated that there may be a lot of people that may not ask for help but could use it. Commissioner Rivera indicated he didn't want to exclude small commercial business from any rate relief assistance as many are in need. Commissioner Flaherty agreed stating since June these discussions have centered around those who are in dire need. The City has also requested a \$1 million gift from WG+E and therefore there is a lot in play. WG+E is in a good financial position and has a budget that can always change quickly. The focus should be on residential and small businesses that are in need. Everyone already benefits from our lower rates, which don't need to be lower. While Commissioner Flaherty would like to help the City, he's concerned he doesn't know what the City is going to use the funds for and what it would be spent on. The Manager agreed, indicating that the management team works very hard to control expenses and as a result, WG+E is in a good financial position and must do what it can to preserve this standing while addressing customer needs. Chairman Sacco indicated the public must realize that WG+E has a fiduciary duty to its ratepayers and the Commission is elected to represent the best interest of our ratepayers. The City may have many other projects and needs, but WG+E should not be put in a position where it's being asked to bail out the City. Commissioner Roman indicated he agrees with Commissioner Flaherty, the folks that are in need are the ratepayers that are 60 and 90

days overdue. When the customer starts paying, perhaps we may look at forgiving the amount that is over 60 days. Commissioner Rivera stated he's in agreement with Commissioner Roman, but he's concerned that the results of this pandemic are expected to last several more months and if relief is provided now, we'll be in the same situation again a few months down the road. Commissioner Sacco recommended a 10% bill reduction for residential and small commercial customers and to continue to work with customers on a one to one basis to clear their arrears. Commissioner Renaudette stated she's in favor of targeted relief to those customers in need rather than a general rate cut. Commissioner Flaherty agreed with Commissioner Roman that at some point in time we should provide relief to those customers 60 days past due and get them on a payment plan that requires them to pay for a length of time Commissioner Rivera said if you are out of work and still have trouble paying bills a payment plan doesn't help. Mr. Kline indicated Customer Service would have a conversation with the customer to determine what the customer could afford to pay and set up an appropriate payment plan. He said there are nearly 1700 accounts in arrears currently and any tailored process will be effective, but labor intensive. Chairman Sacco inquired as to whether WG+E needs a policy for forgiveness of past due amounts or does management have authority to increase its funding for bad debt. Chairman Sacco felt that WG+E should be proactive before it becomes worse and suggested direct mail and other targeted communications to those 60 days in arrears or more with a message that's not demanding anything, instead we're urging people to contact us to better allow us to help them deal with their financial situation. He also stated the Board supports WG+E management's authority to manage those customers in arrears and increase the amounts targeted for bad debt in a manner it deems most appropriate, given the complexities of the issue, its timing and the Department's related processes.

- c) **City's Request for an additional \$1M ILOT Payment.** Chairman Sacco indicated that there is a placeholder on the agenda for discussion of updated information received from the City regarding its \$1M funding request it made to the WG+E. The Board had previously agreed to wait for final numbers from the City as to its financial condition once its level of state funding is known. Commissioner Roman indicated last month that he was in favor of providing assistance and agrees with the MLB's fiduciary duty to ratepayers. He posed a question as to the distinction between ratepayer, taxpayer and resident and how many ratepayers aren't taxpayers. This is a unique time due to the pandemic and he's not in favor of the City coming back every year to be bailed out of its budget shortfalls. Commissioner Rivera indicated that he's not averse to giving money to the City, but we're also concurrently trying to help ratepayers. We just received a report with respect to transformer issues that could have cost the Department \$2M. We would like to help the City, but WG+E also wants to expand its fiber offering in Westfield and shouldn't spread itself too thin. Commission Renaudette agreed and also inquired as to what the City plans to do with the money they're seeking us to provide to the City. We need more information before a decision can be made. Commission Flaherty reminded the MLB that even if the City says the money would go to a certain project it cannot be earmarked by WG+E. The money would go in the City's general fund and the City can make its determination as to where the money in the general fund is spent. This type of payment would be an indirect tax to the ratepayers. It's irrelevant how well

the WG+E is doing, an indirect tax isn't appropriate. Commissioner Roman noted that there had been a report about a donation to Westfield High School and inquired as to how that helps the ratepayers. Chairman Sacco indicated he's spoken with the Mayor, President of the City Council and others and indicated that no decision can be made until the City and WG+E knows what level of state funding will be received for next year. Also the letters requesting \$1M provided insufficient information to make a decision of a \$1M donation to the City. Chairman Sacco requested that the matter remain on the agenda as a placeholder to allow further discussion as additional information is received.

- IX. NEW BUSINESS:** Commission Liptak asked about theft of copper ground wire from poles within the Department's distribution system. Mr. Lee indicated that the wires are copper coated and not solid copper and on occasion are stolen, but that they are replaced when they are discovered by WG+E.

Commissioner Flaherty discussed the recent outage and indicated he received contact from a number of people over the outage which began last Tuesday at 3:30 p.m. He stated he was surprised that while the response was great with 100% restored in approximately 48 hours, he was surprised that no call center had been setup after hours and no storm response information was provided specifically to the customers and the information provided was too general on Facebook. He also stated he was surprised that the Manager didn't return from his vacation to run the outage locally. The Manager then stated he was in contact with his staff via telephone and computer prior to and throughout the event and considered whether to return home with his family to work the storm locally. However, recognizing the high level of communication he still had with his team, considering the benefits of social distancing during this pandemic and seeing his ability to provide direction remotely was not compromised, he believed an on-site presence was not necessary. Mr. Leary indicated that there was a call center activated using other technical people who were still on the clock later that day and they took calls and had additional "bird dog" phones activated to receive calls. Between the Dispatchers on duty and additional support personnel in place, hundreds of calls were received. The Manager indicated early during a large-scale outage situation, it takes a few hours to identify the specific areas and number of customers impacted. We had multiple people in place answering phones, the phone message indicated it was a large outage and if the customer stayed on the line, they would speak to someone and they did get through. A message was front loaded which provided general information regarding the outage and to stay on the line to speak to someone here. The General Manager then stated the outage management system we have in place needs to be updated and a subcommittee is in the process of interviewing vendors that can provide an automated system which will allow customers to report outages and events without the need to speak to anyone and will provide an outage map customers could view on their computers or cellphones. He further stated it's always difficult to pull people away from working an outage in order to update those employees managing social media and customer communications so that they can provide the public with information. For this reason during an event of the magnitude of Tropical Storm Isaias, information provided will tend to be general during the initial few hours of the event and more specific information can be provided once it's known and the people working the storm have the time to spend updating our communication personnel, who in turn, update the public. We expect the new

outage management system will allow us to better manage all facets of such an event. Commissioner Renaudette stated the feedback she saw on Facebook was predominantly positive and timely. Commissioner Rivera indicated that sometimes on social media people make comments and then they look at it later and realize the comment may not have been justified. The General Manager then commended his team on the effort each individual made throughout the duration of the storm and through the repair process. Westfield got hit very hard and a true team effort was made throughout the Department, which allowed us to manage and provide for the field crews, so that the repair process could occur as expeditiously as possible. Our team did a great job, especially when comparing our restoration times to Connecticut and other areas of our state.

Commissioner Sacco indicated he is still looking for to see how Whip City Fiber can provide assistance for those students that don't have Internet access in light of the remote learning needs at the schools. Mr. Lee indicated that WG+E has attempted to help them.

X. EXECUTIVE SESSION:

On the motion of Commissioner Flaherty, seconded by Commissioner Renaudette, and on the basis of a roll call it was:

VOTED: To adjourn the regular meeting of the Municipal Light Board meeting and enter into executive session for the purpose of discussing the purchase, exchange, lease or value of real property in that an open meeting may have a detrimental effect on the negotiating position of WG+E, as noted on the agenda, and not to reconvene the Regular Session after adjournment from Executive Session.

Kelleher	"aye"
Rivera	"aye"
Renaudette	"aye"
Liptak	"aye"
Flaherty	"aye"
Sacco	"aye"
Roman	"aye"

Motion passed 7-0. 0 absent

Chairman Sacco stated that the Municipal Light Board would be entering into executive session for the purpose of discussing the purchase, exchange, lease or value of real property in that an open meeting may have a detrimental effect on the negotiating position of WG+E, as noted on the agenda, and would not reconvene the Regular Session after adjournment from Executive Session.

XI. ADJOURNMENT

Chair Sacco declared the meeting adjourned at 9:51 p.m.

A TRUE RECORD.

Attest:


 Robert C. Sacco, Chair

**Documents Presented at
 REGULAR SESSION August 12, 2020**

Municipal Light Board Regular Session Meeting Minutes – July 1, 2020			
Municipal Light Board Executive Session Meeting Minutes – July 1, 2020			
Municipal Light Board Joint Session Meeting Minutes – July 29, 2020			
Acknowledgement – Westfield High School Senior Class 2020			
2019 Annual Consolidated Financial Audit Results	Meyers Brothers Kalika CPA	August 12, 2020	
Capital Electric Projects Report	Greg E. Freeman, Utility Supervisor	August 12, 2020	Electric Utility Business Electric Upgrade & New Projects
Capital Gas Projects Report	Greg E. Freeman, Utility Supervisor	August 12, 2020	Gas Utility Business Gas Upgrade & New Projects
Substation Transformer Emergency Repair	Michael S. Lee	August 12, 2020	Power Supply Distribution Information Brief EUB-10.1
June 2020 Financial Report	T. Fouche, Accounting Manager	August 12, 2020	Financial Annual & Quarterly Reports
Utility Issues	John W. Welch	August 12, 2020	Regulatory & Governmental Affairs Gas/Electric Regulatory Issues, RGA-1.4; RGA1.5
Utility News/Pulse Line	Beth Burns, HR Coordinator/Records Manager	August 12, 2020	Communications/Customer Service/ Community Affairs Media Relations – CCA-1.6
Utility Course Update 2020 Seminars/Workshops	Beth Burns, HR Coordinator/Records Manager	August 12, 2020	Administration and Organization WG+E Training & Development, AO-3.6
COVID-19 Update	Anthony J. Contrino, General Manager	August 12, 2020	Administration and Organization Emergency Situation Management, AO-4.3
Customer Arrears – COVID-19 Pandemic Update	J. Kline, Business and Financial Manager	August 12, 2020	Financial Manage Risk to Receivables F-8.6